

**TENNESSEE GENERAL ASSEMBLY  
FISCAL REVIEW COMMITTEE**



**FISCAL NOTE**

**SB 905 - HB 1824**

March 9, 2009

**SUMMARY OF BILL:** Requires local education agencies (LEAs) to pay from the BEP medical insurance component at least 30 percent of medical insurance premiums for support and other non-professional personnel who participate in the LEA's health insurance plan.

**ESTIMATED FISCAL IMPACT:**

**Increase Local Expenditures – Exceeds \$3,000,000\***

Assumptions:

- Monthly premiums are based on the PPO health insurance option. A family PPO monthly premium is \$1,149.46 and an individual monthly premium is \$460.56.
- According to Department of Finance and Administration data from 2008, approximately 33 LEAs pay less than 30 percent of their support staff insurance premium. According to this data, the aggregate total payment for these LEAs to move to a 30 percent threshold would be approximately \$332,599.
- In 2008, there were six LEAs who did not offer health insurance coverage to support staff. These LEAs had a total of 2,306 support staff employees in 2007-08.
- Fifty percent of 2,306 (1,153) will enroll with 60 percent (692) enrolling in an individual plan and 40 percent (461) enrolling in a family plan.
- Total yearly cost for individual plan participants will be approximately \$1,147,347  $\{[(691 \times 460.56) \times 12] \times .30\}$ . Total yearly cost for family plan participants will be approximately \$1,907,643.81  $\{[(461 \times 1,149.46) \times 12] \times .30\}$ .
- The total increased in local expenditures would be approximately \$3,387,589.81  $(\$1,147,347 + \$1,907,643.81 + 332,599)$ .

\*Article II, Section 24 of the Tennessee Constitution provides that: *no law of general application shall impose increased expenditure requirements on cities or counties unless the General Assembly shall provide that the state share in the cost.*

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director

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